

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7031

BILL NUMBER: HB 1341

NOTE PREPARED: Jan 16, 2014

BILL AMENDED:

SUBJECT: Annexation.

FIRST AUTHOR: Rep. Negele

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides the following with regard to an annexation for which an annexation ordinance is adopted after April 1, 2014:

- (1) With certain exceptions, it prohibits a municipality from amending the annexation ordinance or fiscal plan after the date the annexation ordinance is introduced.
- (2) It provides that if a court finds that an annexation remonstrance petition is sufficient, the court shall order the annexation not to take place.
- (3) It provides that the only issue addressed in a remonstrance hearing is the sufficiency of the annexation remonstrance petition.
- (4) It requires the municipality in the fiscal plan to provide information about capital improvements and financing and the estimated effect of the annexation on taxpayers.
- (5) It requires a municipality to submit an annexation fiscal plan to the department of local government finance (DLGF) and to post the annexation fiscal plan on the municipality's web site before the public hearing on the annexation.
- (6) It requires the DLGF to review and comment on the annexation fiscal plan, and post the comments on the DLGF's web site before the date of the public hearing.
- (7) It requires the annexing municipality to pay the DLGF's expenses in conducting the review and preparing the comments.

Effective Date: Upon passage.

Explanation of State Expenditures: *Department of Local Government Finance:* The DLGF receives the fiscal plan six months before a public hearing, reviews and makes comments on the fiscal plan at least 60 days before a public hearing, and provides the comments to the municipality and posts the comments on its

website. The municipality will reimburse the certified expenses of the DLGF. [There are no data available to estimate how much expense the DLGF may incur with these added responsibilities.]

Explanation of State Revenues:

Explanation of Local Expenditures: The bill may reduce the court caseload of annexation remonstrance by providing that the court consider only the sufficiency of signatures on a remonstrance petition. The provisions of the bill will affect annexations for which an ordinance is adopted after June 30, 2014.

Certain requirements that an annexation must meet will continue, but the requirements are no longer the subject of the court hearing. These requirements include contiguity and a written fiscal plan. The workload of the court in determining whether an annexation conforms with the requirements of law may be reduced as a result.

Additional Information: Under current law, the court first determines whether a petition has the necessary number of signatures and then sets a date for a hearing on the remonstrance. At the hearing the court considers:

- (1) The adequacy of police and fire protection and street and road maintenance.
- (2) Whether there is a significant fiscal impact on residents and landowners.
- (3) Whether the annexation is in the best interest of the landowners.
- (4) The percentage of landowners and assessed valuation of landowners opposing the annexation.

Under the bill, the court is to set a hearing date, and the only consideration of the court is whether a petition has the necessary signatures. If the petition does have the necessary signatures, the court must enter a judgement against the annexation.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Trial and circuit courts.

Information Sources:

Fiscal Analyst: Karen Firestone Rossen, 317-234-2106.